



RRB News

U.S. Railroad Retirement Board

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Retiree Earnings Limits to Rise

Railroad retirement annuitants who are under full retirement age and who work after retirement can earn more in the year 2003 without having their benefits reduced, as a result of increases in earnings limits indexed to average national wage increases.

Railroad retirement annuities generally consist of tier I and tier II benefits and may include certain vested dual benefit payments and/or a supplemental benefit. Like social security benefits, railroad retirement tier I benefits and vested dual benefits paid to employees and spouses, and tier I, tier II and vested dual benefits paid to survivors are subject to deductions if an annuitant's earnings exceed certain exempt amounts.

These earnings deductions do not apply to those who have attained full social security retirement age. Full retirement age ranges from age 65 for those born before 1938 to age 67 for those born in 1960 or later. Deductions, however, remain in effect for the months before the month of full retirement age during the calendar year of attainment.

For those under full retirement age throughout 2003, the exempt earnings amount rises to \$11,520 from \$11,280 in 2002. For beneficiaries attaining full retirement age in 2003 (age 65 and 2 months), the exempt earnings amount rises to \$30,720 in 2003 from \$30,000 in 2002 for the months before the month full retirement age is attained.

For those under full retirement age, the earnings deduction is \$1 in benefits for every \$2 of earnings over the exempt amount. For those attaining full retirement age in 2003, the deduction is \$1

(More)

for every \$3 of earnings over the exempt amount in the months before the month full retirement age is attained.

Earnings consist for this purpose of all earnings received for services rendered, plus any net earnings from self-employment. Interest, dividends, certain rental income or income from stocks, bonds, or other investments are not considered earnings for this purpose.

Retired employees and spouses, regardless of age, who work for their last pre-retirement nonrailroad employer are also subject to an earnings deduction, in their tier II and supplemental benefits, of \$1 for every \$2 in earnings up to a maximum reduction of 50 percent. This earnings restriction does not change from year to year and does not allow for an exempt amount.

A spouse benefit is subject to reduction not only for the spouse's earnings, but also for the earnings of the employee, regardless of whether the earnings are from service for the last pre-retirement nonrailroad employer or other post-retirement employment.

Special work restrictions applicable to disability annuitants do not change in 2003.

Regardless of age and/or earnings, no railroad retirement annuity is payable for any month in which the annuitant (retired employee, spouse or survivor) works for a railroad employer or railroad union.

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